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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001033

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STATE FOR SA/INS
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TAGS: PGOV NP GON

SUBJECT: NEPAL: KING NAMES NEW PRIME MINISTER

REF: KATHMANDU 1011

Classified By: CDA ROBERT K. BOGGS. REASON: 1.5 (B,D).

SUMMARY

11. (C) On June 4 King Gyanendra named former National Democratic Party President and four-time former Prime Minister Surya Bahadur Thapa to head a new interim government. The Palace is reportedly seeking the participation of other mainstream political parties in the Cabinet. Many observers blame Indian intervention for scuttling the nomination of Madhav Kumar Nepal, General Secretary of the Communist Party of Nepal - United Marxist

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Leninist (UML). Although the five political parties that had been agitating against the King are withholding official statements until after a joint meeting on June 5, initial reactions from the three largest have been universally negative. An updated biography of Thapa will be sent septel.
End summary.

CONSENSUS OR NOT,
WE HAVE A CANDIDATE

12. (C) At 5:00 p.m. local time on June 4, the National News Service announced that King Gyanendra had appointed former National Democratic Party President and four-time former Prime Minister Surya Bahadur Thapa as the "consensus candidate" to head a new interim government. (Note: Three of Thapa's four terms as PM were during the autocratic Panchayat era. End note.) Prabhakar Rana, confidant and business partner of King Gyanendra, had alerted the Charge that morning of the impending announcement, adding that several other Cabinet posts might be named at the same time.

13. (C) Rana expressed confidence that the Nepali Congress would join a Cabinet headed by Thapa. The party had never been "internally comfortable" with its backing of Communist Party of Nepal - United Marxist Leninist (UML) General Secretary Madhav Nepal, Rana said, and has since indicated to

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the Palace that it might join an all-party government headed by Thapa. (Note: We have since heard that at least one renegade member of the Nepali Congress, who has been on the outs with party leadership for some time, may be tapped. End note.)

14. (C) Charge was also contacted by N.N. Yadav, a member of the factionalized Nepal Sadbhavana Party. (Note: The Sadbhavana Party, which commanded all of five MPs in the former Parliament, split after its Acting President, Badri Prasad Mandal, joined the interim government under former Prime Minister Chand. Mandal's faction--which can still lay claim to recognition by the Election Commission--commands just two of the five former MPs. End note.) Yadav predicted that the political parties will support Thapa's nomination, citing his creditable record as a democrat. Nepal's candidacy as PM was never a real possibility, Yadav said, because of Indian opposition to him. Thapa, in contrast, enjoys substantial Indian support, Yadav claimed.

15. (C) UML Central Committee member Jhala Nath Khanal told poloff that the UML is obviously displeased by the King's decision to disregard its leader's nomination. The King may also make several of his own appointments to the Cabinet, he predicted glumly. (Note: Police sources say they expect UML Central Committee member K.P. Oli, who opposed Nepal for the party leadership, to be named as Deputy Prime Minister. Nepal and Oli are personal and political rivals. End note.) If so, the UML will not agree to take part in the new all-party government. The Palace may attempt to entice party members into the new government, but the parties would then revoke those renegades' membership, Khanal said. The party's Standing Committee will decide its official position later this evening.

16. (C) Nepali Congress spokesman Arjun Narasingh K.C. told poloff that his party would not participate in a government under Chand. A Thapa government appointed by the King will offer "the same old scenario" as under the Chand government. The five parties that had demanded an all-party government and had proposed Nepal's nomination will meet on June 5 to plan next steps, K.C. said. Nepali Congress (Democratic) Central Committee member Sagar SJB Rana also informed poloff that his party had decided to back Nepal's nomination and was thus equally unlikely to take part in a Thapa Cabinet. The Palace never offered any explanation for why Nepal's nomination was not accepted, representatives of all three parties reported.

INDIA TAKES A NEIGHBORLY INTEREST?

17. (C) Most sources contacted--with the exception of royal confidant Prabhakar Rana--speculate that Indian influence was the main reason that Nepal's nomination was rejected and Thapa's promoted. Many saw Thapa's mid-April visit to India as significant. Some also cited the visit of former Indian Ambassador to Nepal K.B. Rajan, which coincides with the May 30 resignation of PM Chand and Thapa's June 4 appointment. Another recent visitor to Nepal, Professor S.D. Muni, an Indian academic with long-time experience in Nepal who maintains links to MEA, had a lengthy meeting with Baburam Bhattarai on April 25--directly after emboffs met him. When asked why he thought Nepal's nomination had not been accepted, UML member Khanal immediately pointed to "the visits by our neighbors." Other Palace sources claimed strong Indian opposition to Nepal had helped scuttle his nomination. (Note: We have no way of knowing whether any of these claims are true, but they have enough popular currency to bear mentioning. End note.)

COMMENT

18. (C) Madhav Nepal may have been unacceptable to the Palace for a number of reasons, not the least of which may be the prominent role he played in recent, near-daily protests against the King. Despite receiving the backing of five of the seven political parties whose consensus the King sought, Nepal had enough other opposition from influential quarters--including, apparently, from the Indians, the Maoists, and the Palace itself--to quash his candidacy. Initial reactions from the biggest parties (the UML, the Nepali Congress, and the Nepali Congress (D)) do not bode well for efforts to form the all-party Cabinet sought by the Palace, demanded by the parties, and hoped for by donors.

BOGGS